



**THE
FARM INCOME STABILIZATION COMMISSION
OF ONTARIO**

SIXTH ANNUAL REPORT

Fiscal Year Ended March 31, 1983

**ONTARIO
MINISTRY OF AGRICULTURE AND FOOD
LEGISLATIVE BUILDINGS, TORONTO**

**HON. DENNIS R. TIMBRELL
MINISTER**

Toronto, Ontario
Sept. 13, 1983

To The Honourable Dennis R. Timbrell, Minister
Ministry of Agriculture and Food
Province of Ontario.

Sir:

I have the honour to submit herewith the Annual
Report of The Farm Income Stabilization Commission of
Ontario for the period April 1, 1982 to March 31, 1983
including the report of the Provincial Auditor.

Respectfully Submitted

M. Huff, Chairman
*The Farm Income Stabilization
Commission of Ontario*



Sixth Annual Report
of
The Farm Income Stabilization Commission of Ontario
For Fiscal year Ended March 31, 1983

COMMISSION MEMBERS

MORRIS HUFF — Chairman

RAYMOND McDONALD — Member

GEORGE McLAUGHLIN — Member

KEITH BUCHNER — Member
(Rep. Ontario Federation of Agriculture)

ELLARD POWERS — Member
(Rep. National Farmers Union)

JOHN MOERMAN — Member
(Rep. Christian Farmers Federation)

OFFICERS

M. HUFF
General Manager

M. J. TAGGART
Assistant General Manager / Accounting

BARBARA HUNTER
Secretary



FARM INCOME STABILIZATION COMMISSION OF ONTARIO

RESPONSIBILITIES

- administration of the Farm Income Stabilization Act
- administer plans of Farm Income Stabilization established by regulations
- provide for surveys and research relating to farm income stabilization to obtain statistics for Commission purposes.

THE YEAR IN REVIEW

The Commission made Stabilization payments of \$2.01/tonne for Corn and \$13.55/tonne for Soybeans for the 1981-1982 crop year and \$44.72/sow for the period from October 1, 1981 to March 31, 1982 of the Sow-Weaner Plan.

Stabilization payments are made on registered and eligible production when market prices fall below 95% of the previous 5 year average price plus changes in cash costs of production. Payments are limited to the difference between the 90% and 95% levels. Participating producers are required to register expected sales and pay fees in advance equivalent to an estimated one-third of the expected payouts. Interest is credited to producer fees on deposit and any unused fees and interest are returned at the termination of the program.

The Winter Wheat, White Bean, Soybean, and Corn plans expired in the summer of 1982. They were replaced with a new 3 year plan covering Barley, Winter Wheat, White Beans, Soybeans, and Corn. Producers must register annually and pay fees prescribed by the Commission. Preliminary negotiations were begun with representatives of the Cow-Calf industry but were discontinued at the request of producer representatives. Negotiations also commenced with the Apple industry.

The Ontario Government's share of Corn, Soybean, and Sow-Weaner Stabilization payments in 1982-1983 was \$5,957,336.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

(Incorporated without share capital under
the Farm Income Stabilization Act)

Balance Sheet as at March 31, 1983

ASSETS

	<u>1983</u>	<u>1982</u>
	\$	\$
Cash in banks	11,035,865	4,869,818
Accounts receivable (note 4)	56,170	1,630,180
	<u>11,092,035</u>	<u>6,499,998</u>

LIABILITIES

Accrued interest	—	206,555
Loans from the Treasurer of Ontario (note 5)	691,705	1,926,803
Farmers' enrollment fees, including interest income (schedule 1) (note 3)	8,997,266	3,976,373
Government subsidies (schedule 2) (notes 3 and 4)	<u>1,403,064</u>	<u>390,267</u>
	<u>11,092,035</u>	<u>6,499,998</u>

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

AUDITOR'S REPORT

I have examined the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1983 and the statement of receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1983 and its receipts and disbursements in accordance with the accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 14 of the Farm Income Stabilization Act, a report on the audit has been made to the Commission and to the Minister.

D. F. Archer, F.C.A.,
Provincial Auditor

Toronto, Ontario
June 10, 1983.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements
for the year ended March 31, 1983

	<u>1983</u> \$	<u>1982</u> \$
Receipts:		
Ontario Corn Stabilization Plan, 1977: Farmers' fees withheld from stabilization payments	—	2,224
Ontario Corn Stabilization Plan, 1979-1981: Subsidy from Province of Ontario	1,300,000	—
Ontario Soybean Stabilization Plan, 1979-1981: Subsidy from Province of Ontario	600,000	—
Ontario Weaner Pig Stabilization Plan, 1980-1985: Subsidy from Province of Ontario	5,000,000	6,900,000
Loans from Province of Ontario	1,200,000	1,565,000
Interest income	183,547	190,652
Interest on outstanding fees (note 4)	359,306	77,905
	<u>6,742,853</u>	<u>8,733,557</u>
Farmers' enrollment fees, including interest income (note 3)	11,091,658	3,380,384
Administrative expenses paid by Province (notes 1 and 2)	261,200	142,515
	<u>19,995,711</u>	<u>12,258,680</u>
Disbursements:		
Stabilization payments (note 6):		
Ontario Corn Stabilization Plan, 1977	—	6,673
Ontario Corn Stabilization Plan, 1979-1981	879,328	—
Ontario Soybean Stabilization Plan, 1979-1981	449,085	—
Ontario Weaner Pig Stabilization Plan, 1980-1985	7,607,588	9,787,262
	<u>8,936,001</u>	<u>9,793,935</u>
Refunds of 1979-81 farmers' fees balance	1,762,375	—
Repayment of loans from Province of Ontario	2,435,098	1,062,000
Interest expense	434,990	193,337
Administrative expenses	261,200	142,515
	<u>13,829,664</u>	<u>11,191,787</u>
Excess of receipts over disbursements	6,166,047	1,066,893
Cash in banks, beginning of year	4,869,818	3,802,925
Cash in banks, end of year	<u>11,035,865</u>	<u>4,869,818</u>

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Farmers' Enrollment Fee Balances by Plan
as at March 31, 1983

Stabilization Plan	Balance April 1, 1982	Fees	Interest	Total	Share of Payments	Refunds	Balance March 31, 1983
	\$	\$	\$	\$	\$	\$	\$
(note 3)		(note 3)					
1979-81:							
Corn	2,052,684	—	211,814	211,814	(293,109)	(939,900)	1,031,489
Soybean	349,467	—	36,511	36,511	(149,695)	(104,307)	131,976
White Bean	92,233	—	6,829	6,829	—	(99,062)	—
Winter Wheat	584,760	—	43,215	43,215	—	(627,975)	—
	<u>3,079,144</u>	<u>—</u>	<u>298,369</u>	<u>298,369</u>	<u>(442,804)</u>	<u>(1,771,244)</u>	<u>1,163,465</u>
1982-84:							
Corn	—	2,940,594	99,637	3,040,231	—	—	3,040,231
Soybean	—	1,274,877	42,987	1,317,864	—	—	1,317,864
White Bean	—	268,392	9,249	277,641	—	—	277,641
Winter Wheat	—	280,891	9,681	290,572	—	—	290,572
Barley	—	157,458	5,376	162,834	—	—	162,834
	<u>—</u>	<u>4,922,212</u>	<u>166,930</u>	<u>5,089,142</u>	<u>—</u>	<u>—</u>	<u>5,089,142</u>
Weaner Pig							
(notes 3 and 4)	897,229	4,265,014	118,280	4,383,294	(2,535,864)	—	2,744,659
	<u>3,976,373</u>	<u>9,187,226</u>	<u>583,579</u>	<u>9,770,805</u>	<u>(2,978,668)</u>	<u>(1,771,244)</u>	<u>8,997,266</u>

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Government Subsidies
for the year ended March 31, 1983

	1983 \$	1982 \$
Ontario Corn Stabilization Plan, 1977:		
Balance, beginning of year	—	4,449
Stabilization payments	—	6,673
Less farmers' share (1/3) withheld from payments	—	2,224
	—	4,449
Balance, end of year	—	—
Ontario White Bean Stabilization Plan, 1979-1980:		
Balance, beginning of year	—	36,794
Transfer to Ontario Weaner Pig Stabilization Plan, 1980-1985:	—	36,794
Balance, end of year	—	—
Ontario Corn Stabilization Plan, 1979-1981:		
Balance, beginning of year	—	—
Subsidy from Province of Ontario	1,300,000	—
Stabilization payments	879,328	—
Less farmers' share (1/3)	293,109	—
	586,219	—
Balance, end of year	713,781	—
Ontario Soybean Stabilization Plan, 1979-1981:		
Balance, beginning of year	—	—
Subsidy from Province of Ontario	600,000	—
Stabilization payments	449,085	—
Less farmers' share (1/3)	149,695	—
	299,390	—
Balance, end of year	300,610	—
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Balance, beginning of year	390,267	173,971
Subsidy from Province of Ontario	5,000,000	6,900,000
Ontario White Bean Stabilization Plan, 1978-1980	—	36,794
Interest income	183,547	190,652
Forfeited fees and other credits	—	634
	5,183,547	7,128,080
Stabilization payments	7,607,588	9,787,262
Less farmers' share (1/3)	2,535,864	3,262,419
	5,071,724	6,524,843
Provision for bad debts	—	400,000
Loan interest net of interest on accounts receivable	113,417	(13,059)
	5,185,141	6,911,784
Balance, end of year	388,673	390,267
Balance, end of year	1,403,064	390,267

See accompanying schedules and notes to financial statements.

SCHEDULE 3

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Administrative Expenses
for the year ended March 31, 1983

	<u>1983</u>	<u>1982</u>
	\$	\$
Salaries and wages	48,606	13,300
Employee benefits	1,454	500
Transportation and communication	16,719	10,556
Services	157,853	110,579
Supplies and equipment	<u>36,568</u>	<u>7,580</u>
	<u>261,200</u>	<u>142,515</u>

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements

March 31, 1983

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Commission uses essentially a cash basis of accounting except for the following modifications:

- i) For administrative expenses, an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for a pay period which overlaps the fiscal year end date are apportioned between the two years.
- ii) An allowance for doubtful accounts has been established as discussed in note 4.
- iii) Interest is accrued on both outstanding fees receivable and the loan from the Treasurer of Ontario.

2. ADMINISTRATIVE EXPENSES

Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. Certain additional administrative expenses have been absorbed by The Crop Insurance Commission of Ontario.

3. FARM INCOME STABILIZATION PLANS

Farm income stabilization plans are established by regulations under the Farm Income Stabilization Act. These voluntary plans are designed to stabilize the income of Ontario farmers in periods of low market prices. Federal stabilization support payments are made for the difference between the current market price and 90 per cent of the five-year average market price as adjusted for changes in cash costs of production. On the same basis, provincial plans support prices between 90 and 95 per cent of the five year average price.

Fees are normally collected in advance except as discussed in note 4 and are set at a level sufficient to cover approximately one-third of the stabilization support payments in accordance with the provisions of section 6 (3) of the Farm Income Stabilization Act. The Province of Ontario provides the other two-thirds.

Upon termination of each plan, moneys standing to the credit of farmers enrolled in these plans will be refunded together with any interest earned thereon. Voluntary stabilization plans exist for the following six commodities: corn, soybeans, white beans, winter wheat, barley and weaner pigs.

The Commission shall, at the discretion of the Treasurer of Ontario, pay into the Consolidated Revenue Fund any surplus moneys in the Fund that are not necessary for the current requirements of the Commission in accordance with section 12 of the Farm Income Stabilization Act.

4. ONTARIO WEANER PIG STABILIZATION PLAN, 1980-1985

The Government of Ontario developed this five year plan to help stabilize the incomes of many of the province's pork producers. The plan functions in the

manner as discussed in Note 3, with one exception. In order to pay the producers the maximum amount possible under the regulations when stabilization support payments are made, the difference between the farmers one-third share of the stabilization support payments and their prepaid registration fees are not deducted from the stabilization support payments but rather are recorded as accounts receivable. While the Commission will endeavour to recover the advances including interest at a later date, a reserve for doubtful accounts of \$400,000 has been reflected in the Commission's account as at March 31, 1983 (1982 - \$400,000).

5. LOANS FROM THE TREASURER OF ONTARIO

The Treasurer of Ontario has provided loans under section 11 of the Act to finance a portion of the stabilization payments under the Ontario Weaner Pig Stabilization Plan, 1980-1985. The maximum term of each of these loans is five years, and they bear interest for that term at the current market rate as determined by the Treasurer of Ontario at the time such loans are authorized by Order in Council.

6. STABILIZATION PAYMENTS

Stabilization payments are currently being made under the Corn Stabilization Plan, 1979-1981 and the Soybean Stabilization Plan, 1979-1981. Farmers are eligible to make claims under the above plans until August 31, 1984.

7. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the 1983 presentation.